

63-6585/1

OGC 63-2242

2 AUG 1963

MEMORANDUM FOR: Deputy Director of Central Intelligence - <sup>S/MS</sup> 8/8/63

SUBJECT: Prosecution of Employee for Misuse of Agency  
Funds [REDACTED]

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REFERENCE: Memorandum dated 15 July 1963 to the DDCI from  
the DD/P, subject, same as above

1. This memorandum is for information only.
2. The referenced memorandum sets forth conclusions of the  
Deputy Director (Plans) with respect to requested reconsideration of  
the security aspects of the criminal prosecution of [REDACTED]  
[REDACTED]  
[REDACTED]

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3. While, for the most part, I am in agreement with the conclusions set forth in the referenced memorandum, I believe paragraphs 4 and 10 require some additional comment. I have inferred from reading paragraph 4 that concern for public disclosure of the mishandling by the Agency of unvouchered funds is offered, in itself, as rationale for recommending against the public prosecution of this suspected embezzler. While I, of course, share the belief that such public airing of Agency administrative problems is undesirable, this must be weighed against the withholding of the criminal prosecution of a Government employee for major misconduct. While the Attorney General agreed a number of years ago that the DCI had overriding authority, in the appropriate case, to request the quashing of criminal proceedings against an employee, if revelation of essential facts in the case would be injurious to the national security, I would question whether this approach would extend to the issue of "bad press."

OGC Has Reviewed

EXECUTIVE REGISTRY FILE [Signature]

4. Paragraph 10 of the referenced memorandum would apparently make the withholding of prosecution in cases similar to this one the rule rather than the exception. I believe that any such situations which might arise in the future should be taken individually on their own merits and carefully considered and decided upon when they arise.

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LAWRENCE R. HOUSTON  
General Counsel

cc: DD/P